

Message Text

CONFIDENTIAL

PAGE 01 PRAGUE 00587 251528Z

50

ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03

NSC-07 PA-04 PRS-01 SS-20 USIA-15 NIC-01 SAJ-01 DRC-01

STR-08 CAB-09 DOTE-00 FAA-00 FEA-02 ACDA-19 IO-14

SAM-01 EA-11 /229 W

----- 079674

R 251450Z MAR 74

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 5943

C O N F I D E N T I A L PRAGUE 587

E.O. 11652: GDS

TAGS: PFOR, PINT, ECON, CZ, US

SUBJECT: QUARTERLY REPORT ON POLITICAL AND ECONOMIC TRENDS IN
CZECHOSLOVAKIA (JANUARY-MARCH 1974)

REF: PRAGUE 2865, DEC 19, 1973

1. SUMMARY: DURING FIRST QUARTER OF 1974, CZECHOSLOVAK OFFICIALS CONTINUED TO DEMONSTRATE INTEREST IN POSSIBILITIES OF IMPROVING RELATIONS WITH UNITED STATES IN SEVERAL FIELDS, ALTHOUGH GOLD/CLAIMS AND SURPLUS-PROPERTY AGREEMENT HAD STILL NOT BEEN CONCLUDED. 1973 ECONOMIC PERFORMANCE WAS VIEWED BY LEADERSHIP AS SATISFACTORY, BUT GENERALLY STATIC CONDITION PREVAILED ON DOMESTIC POLITICO-ECONOMIC SCENE, WHILE THERE WAS SOME INCREASE IN FORMAL IDEOLOGICAL CONTROLS. ASIDE FROM U.S., CZECHOSLOVAK RELATIONS WITH WEST SHOWED GENERAL IMPROVEMENT WITH NOTABLE EXCEPTION OF AUSTRIA. END SUMMARY.

2. DURING QUARTER JUST ENDED, FOREIGN MINISTER CHNOUPEK AND OTHER RANKING CZECHOSLOVAK OFFICIALS HAVE INDICATED TO US
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PRAGUE 00587 251528Z

THEIR DESIRE TO CARRY IMPROVEMENT IN BILATERAL RELATIONS

STILL FURTHER. ALTHOUGH NEGOTIATIONS ON GOLD, CLAIMS AND SURPLUS PROPERTY HAVE STILL NOT BEEN CONCLUDED, AGREEMENT SEEMS POSSIBLE GIVEN MINOR ADJUSTMENTS IN RESPECTIVE POSITIONS.

3. CZECHS HAVE ABANDONED MFN CONDITION TO GOLD/CLAIMS SETTLEMENT, ALTHOUGH CONTINUING TO PRESS ON US THEIR NEED FOR MFN AS A PREREQUISITE FOR MAJOR EXPANSION IN THEIR TRADE. ACCORDING TO JUST-RELEASED CZECHOSLOVAK FIGURES, WE WERE CZECHS' ONLY WESTERN TRADING PARTNER ENJOYING THREE-TO-ONE FAVORABLE TRADE BALANCE IN 1973. DESPITE THIS IMBALANCE, HOWEVER, WE BELIEVE CZECH ATTITUDE TOWARD BILATERAL TRADE WILL BE FAVORABLE AFFECTED BY GOLD/CLAIMS SETTLEMENT, EVEN IN ABSENCE OF MFN. MFN WHEN GRANTED SHOULD HELP CEZCHS RELATIVELY MORE THAN SOVIETS, SINCE OUR PRESENT TARRIFFS HIT US IMPORT ITEMS FROM CZEHCOSLOVAKIA (LARGELY MANUFACTURED ITEMS) MORE THAN IMPORTS FROM USSR; AND WE SEE NO REASON TO DOUBT CZECH PREDICTION (PRAGUE 523) OF DOUBLING OR TRIPLING OF TRADE AFTER MFN.

4. DURING QUARTER, TALKS ON EXCHANGES AGREEMENT AND PROGRESS TOWARD RE-OPENING AMCONSULATE BRATISLAVA CONTINUED WITHOUT MAJOR PROBLEMS. NOR DID WE FACE SERIOUS PROBLEMS IN CONSULAR OR OTHER FIELDS. QUESTION OF RENEWING CIVIL AIR AGREEMENT, WHICH EXPIRES MAY 31, REMAINED, BUT ONE-YEAR EXTENSION NOW SEEMS LIKELY.

5. AS REPORTED IN ANNUAL ECONOMIC TRENDS REPORT (PRAGUE A-18), 1973 ECONOMIC PERFORMANCE WAS REGARDED BY LEADERSHIP AS SATISFACTORY, AND THERE WAS NO INDICATION THAT TOP LEADERS WERE SERIOUSLY CONCERNED OVER ECONOMIC FUTURE, DESPITE WARNINGS AT LOWER LEVELS THAT IMPORTANT STRUCTURAL CHANGES WERE NEEDED. CZECHOSLOVAKIA ENDED WINTER WITHOUT SERIOUS DISRUPTIONS DUE TO POWER SHORTAGES, AND CONCLUDED MULTILATERAL AGREEMENT ON ADRIA PIPELINE WHICH BY 1977 WILL ADD MIDEAST CRUDE TO WHAT WILL BECOME INSUFFICIENT SOVIET SUPPLY. MILD, THOUGH DRYISH, WINTER PERMITTED EARLY START ON SPRING CROP SOWINGS. CONSUMERS REMAINED RELATIVELY WELL TREATED, AND AVAILABILITY OF FOOD AND CONSUMER GOODS IF ANYTHING IMPROVED DURING QUARTER.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PRAGUE 00587 251528Z

6. ON POLITICAL SIDE SITUATION REMAINED STATIC AND HUSAK REMAINED FIRMLY IN CONTROL SO FAR AS COULD BE SEEN, BUT DUBCEK LETTER TO SMRKOVSKY'S WIDOW STIRRED SPECULATION RE MANEUVERINGS BELOW SURFACE, PERHAPS WITH SOVIET INVOLVEMENT. DURING QUARTER THERE WAS EVIDENT INCREASE IN FORMAL IDEOLOGICAL CONTROLS (PRAGUE 526), PRESUMABLE STEMMING FROM MOSCOW MEETING OF EE PARTY SECRETARIES.

7. AT CSCE AND MBFR, OFFICIAL CZECHOSLOVAK POSITION DID NOT DIFFER FROM SOVIET. SAME WAS TRUE ON CHINA, ALTHOUGH CZECHS WENT BEYOND WHAT SOVIETS HAD SAID WHEN BILAK READ CHINA OUT OF MOVEMENT AT JANUARY PRAGUE MEETING OF 65 PARTIES ON "PROBLEMS OF PEACE AND SOCIALISM." CZECHOSLOVAK RELATIONS WITH WEST GENERALLY SHOWED FURTHER IMPROVEMENT, WITH NOTABLE EXCEPTION OF AUSTRIA WHERE CZECHOSLOVAK AIR INTRUSION--DENIED BY CZECHS WHO BLAMED AUSTRIAN "PROVOCATION"-- WAS FOLLOWED BY CZECHOSLOVAK PROTESTS OVER SEJNA BROADCAST OVER INTRUSION OF SEVERAL AUSTRIAN SOLDIERS.
WORTZEL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, TRADE, GOLD, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PRAGUE00587
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740063-0922
From: PRAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740318/aaaaaqfs.tel
Line Count: 128
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: PRAGUE 2865, DEC 19, 1973
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2002 by rowelle0>; APPROVED <23-Sep-2002 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: QUARTERLY REPORT ON POLITICAL AND ECONOMIC TRENDS IN CZECHOSLOVAKIA (JANUARY-MARCH 1974)
TAGS: PFOR, PINT, ECON, ECRP, CZ, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005